

JLBC Analyst: Marge Zylla

|  | FY 2009<br>ACTUAL  | FY 2010<br>ESTIMATE | FY 2011<br>APPROVED             |
|--|--------------------|---------------------|---------------------------------|
| <b>SPECIAL LINE ITEMS</b>                  |                    |                     |                                 |
| Operating State Aid                        |                    |                     |                                 |
| Cochise                                    | 7,660,600          | 7,488,700           | 7,488,700                       |
| Coconino                                   | 2,994,300          | 2,679,400           | 2,679,400                       |
| Gila                                       | 657,800            | 658,400             | 658,400                         |
| Graham                                     | 4,772,900          | 4,243,900           | 4,243,900                       |
| Maricopa                                   | 51,128,000         | 45,327,400          | 45,327,400                      |
| Mohave                                     | 3,748,900          | 3,682,900           | 3,682,900                       |
| Navajo                                     | 3,921,400          | 3,590,000           | 3,590,000                       |
| Pima                                       | 17,413,600         | 15,942,100          | 15,942,100                      |
| Pinal                                      | 5,401,300          | 4,935,100           | 4,935,100                       |
| Yavapai                                    | 4,524,000          | 4,196,000           | 4,196,000                       |
| Yuma/La Paz                                | 5,086,000          | 4,812,900           | 4,812,900                       |
| <i>Subtotal - Operating State Aid</i>      | 107,308,800        | 97,556,800          | 97,556,800                      |
| Capital Outlay State Aid                   |                    |                     |                                 |
| Navajo                                     | 500,000            | 0                   | 0                               |
| <i>Subtotal - Capital Outlay State Aid</i> | 500,000            | 0                   | 0                               |
| Equalization Aid                           |                    |                     |                                 |
| Cochise                                    | 5,833,400          | 7,841,800           | 7,841,800                       |
| Graham                                     | 14,775,700         | 17,465,400          | 17,465,400                      |
| Navajo                                     | 5,386,500          | 6,624,000           | 6,624,000                       |
| Yuma/La Paz                                | 1,931,400          | 2,938,300           | 2,938,300                       |
| <i>Subtotal - Equalization Aid</i>         | 27,927,000         | 34,869,500          | 34,869,500                      |
| Rural County Reimbursement                 | 3,645,200          | 0                   | 0                               |
| Rural County Reimbursement Subsidy         | 1,000,000          | 1,000,000           | 1,000,000 <sup>1/</sup>         |
| Tribal Community Colleges                  | 1,723,700          | 1,918,000           | 1,918,000 <sup>2/</sup>         |
| <b>AGENCY TOTAL</b>                        | <b>142,104,700</b> | <b>135,344,300</b>  | <b>135,344,300<sup>3/</sup></b> |
| <b>FUND SOURCES</b>                        |                    |                     |                                 |
| General Fund                               | 142,104,700        | 135,344,300         | 135,344,300                     |
| <b>SUBTOTAL - Appropriated Funds</b>       | <b>142,104,700</b> | <b>135,344,300</b>  | <b>135,344,300</b>              |
| Other Non-Appropriated Funds               | 15,540,800         | 14,336,400          | 15,108,300                      |
| <b>TOTAL - ALL SOURCES</b>                 | <b>157,645,500</b> | <b>149,680,700</b>  | <b>150,452,600</b>              |

**AGENCY DESCRIPTION** — The Arizona community college system is comprised of 10 college districts and 1 provisional district. Arizona’s community colleges provide programs and training in the arts, sciences and humanities, and vocational education leading to an Associates degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

**Operating State Aid**

The budget includes \$97,556,800 from the General Fund for Operating State Aid in FY 2011. This amount is unchanged from FY 2010.

**Suspension of Enrollment Growth**

The budget suspends Operating State Aid formula increases in FY 2011. This forgoes an increase of \$2,336,500 from the General Fund for Enrollment Growth. This amount would have included \$4,223,200 to fund statutory formula costs for a 5,363 (4.5%) increase in Full Time Student Equivalent students (FTSE) in community

<sup>1/</sup> Of the \$1,000,000 appropriated to the Rural County Reimbursement Subsidy line item, Apache County will receive \$466,000, Greenlee County \$382,800 and Santa Cruz County \$151,200. (General Appropriation Act footnote)

<sup>2/</sup> A.R.S. § 42-5031.01 directs the State Treasurer to annually transmit to the tribal colleges 10% of Transaction Privilege Tax revenues collected from sources located on the reservation, or \$1,750,000, whichever is less.

<sup>3/</sup> General Appropriation Act funds are appropriated as District-by-District Special Line Items.

colleges statewide (see Table 1). It also would have included a first-time adjustment of \$(1,886,700) for funding dual enrollment students at 50%, as required by the Higher Education Budget Reconciliation Bill (BRB) for FY 2010 (Laws 2009, 3<sup>rd</sup> Special Session, Chapter 9). Dual enrollment refers to high school students who are enrolled in community college courses for both high school and community college credit. The suspension of enrollment growth funding for FY 2011 is pursuant to the Higher Education BRB for FY 2011 (Laws 2010, 7<sup>th</sup> Special Session, Chapter 9), which suspends the Operating State Aid funding formula for FY 2011. Chapter 9 instead stipulates that the appropriation for Operating State Aid shall be the amount in the General Appropriation Act.

| <b>District</b> | <b>FY 2008<br/>FTSE</b> | <b>FY 2009<br/>FTSE</b> | <b>Percentage<br/>Change</b> |
|-----------------|-------------------------|-------------------------|------------------------------|
| Cochise         | 7,369                   | 7,671                   | 4.1%                         |
| Coconino        | 1,989                   | 2,127                   | 6.9%                         |
| Gila            | 815                     | 1,028                   | 26.1%                        |
| Graham          | 2,273                   | 2,686                   | 18.2%                        |
| Maricopa        | 68,054                  | 70,099                  | 3.0%                         |
| Mohave          | 3,143                   | 3,518                   | 11.9%                        |
| Navajo          | 2,501                   | 2,682                   | 7.2%                         |
| Pima            | 20,222                  | 20,889                  | 3.3%                         |
| Pinal           | 3,813                   | 4,407                   | 15.6%                        |
| Yavapai         | 3,678                   | 3,921                   | 6.6%                         |
| Yuma/La Paz     | 4,577                   | 4,769                   | 4.2%                         |
| <b>Total</b>    | <b>118,434</b>          | <b>123,797</b>          | <b>4.5%</b>                  |

*Background* – The Operating State Aid Special Line Items provide each community college district with funds for continuing operating and maintenance expenses pursuant to A.R.S. § 15-1466.

If the formula had not been suspended, Operating State Aid funding for FY 2011 would have been based on audited FY 2009 enrollment of 123,797 FTSE, which has increased by 5,363 FTSE, or 4.5%, from FY 2008. (See Table 1 for additional FTSE information.) This growth would have resulted in an increase of \$4,223,200 for enrollment growth under the statutory formula in FY 2011. The Operating State Aid formula adjusts state aid in an amount that reflects change in the FTSE enrollment count. This enrollment adjustment is calculated by multiplying the change in the most recent year’s actual FTSE for each district by the average state aid per FTSE appropriated in the current fiscal year. (For FY 2011, the last actual FTSE data was from FY 2009.)

In the past, the formula “held harmless” districts with declining FTSE enrollment, as the formula did not adjust state aid downward for these districts. The FY 2010 Higher Education BRB (Laws 2009, 3<sup>rd</sup> Special Session, Chapter 9), however, permanently eliminated the hold harmless provision starting in FY 2010. The hold harmless provision would not have affected state aid funding for any district in FY 2011 because all districts

experienced increased FTSE enrollment from FY 2008 to FY 2009.

### **Capital Outlay State Aid**

The budget includes no funding from the General Fund for Capital Outlay State Aid in FY 2011. This amount is unchanged from FY 2010.

#### **Continue Suspension of Capital Outlay Formula**

The budget continues to suspend Capital Outlay State Aid for FY 2011. This forgoes \$20,652,500 in formula costs for that program for FY 2011, which includes \$20,088,800 already suspended for FY 2010 plus \$563,700 in foregone formula growth for the formula in FY 2011. The suspension of Capital Outlay State Aid for FY 2011 is pursuant to the Higher Education BRB for FY 2011, which suspends the Capital Outlay State Aid funding formula for FY 2011.

*Background* – The Capital Outlay Special Line Items provide the community college districts with funds for capital land, building, and equipment needs pursuant to A.R.S. § 15-1464.

The Capital Outlay State Aid formula provides per capita funding to districts based on the district’s size and the most recent years actual audited FTSE. The statutory formula provides \$210 per FTSE for districts with 5,000 or less FTSE or \$160 per FTSE for districts with greater than 5,000 FTSE.

### **Equalization Aid**

The budget includes \$34,869,500 from the General Fund for Equalization Aid in FY 2011. This amount is unchanged from FY 2010.

#### **Suspension of Formula Increase**

The budget suspends Equalization Aid formula increases in FY 2011. This forgoes an increase of \$5,148,000 from the General Fund in FY 2011 to fund growth in statutory formula costs for the program. The suspension of formula funding for FY 2011 is pursuant to the Higher Education BRB for FY 2011, which suspends the Equalization Aid funding formula for FY 2011. It instead stipulates that the appropriation for Equalization Aid shall be the amount in the General Appropriation Act.

*Background* – The Equalization Special Line Items provide additional state aid to qualifying community college districts whose tax base is insufficient to provide adequate funding for continuing operations and maintenance pursuant to A.R.S. § 15-1468.

Equalization Aid is paid to community college districts with property tax bases that are less than the minimum assessed value specified in A.R.S. § 15-1402. Under the

Equalization Aid formula, the minimum assessed valuation is increased by the average growth in actual assessed valuation for the most recent year for all rural districts with populations of less than 500,000 persons. For the FY 2011 Equalization Aid formula calculation, the minimum assessed valuation increased 11.9% to \$1.7 billion. (See Table 2 for the calculation of the growth rate.)

**Table 2**  
**Equalization Growth Factor for Tax Years (TY) 2008-2009**

| District     | TY 2008<br>Primary AV   | TY 2009<br>Primary AV   | TY 2008-2009<br>% Growth |
|--------------|-------------------------|-------------------------|--------------------------|
| Cochise*     | \$ 902,389,900          | \$ 986,677,800          | 9.3%                     |
| Graham*      | 175,053,000             | 221,874,600             | 26.7%                    |
| Navajo*      | 908,254,800             | 998,764,600             | 10.0%                    |
| Yuma/LaPaz*  | 1,271,166,000           | 1,432,962,500           | 12.7%                    |
| Coconino     | 1,686,709,700           | 1,840,775,000           | 9.1%                     |
| Mohave       | 2,286,744,000           | 2,533,640,800           | 10.8%                    |
| Pinal        | 2,471,639,600           | 2,880,552,100           | 16.5%                    |
| Yavapai      | 2,956,557,400           | 3,274,078,300           | 10.7%                    |
| <b>Total</b> | <b>\$12,658,514,400</b> | <b>\$14,169,325,700</b> | <b>11.9%</b>             |

\* These districts qualify to receive Equalization Aid under the state funding formula.

Equalization Aid is paid out based on the difference between the minimum assessed valuation and the most recent actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district's assessed valuation or the district's levy rate. (See Table 3 for a breakdown of the unfunded Equalization Aid formula growth by district.)

**Table 3**  
**Unfunded FY 2011 Equalization Growth**

| District     | FY 2011            | FY 2010-2011<br>% Growth |
|--------------|--------------------|--------------------------|
| Cochise      | \$1,506,500        | 19.2%                    |
| Graham       | 2,360,700          | 13.5%                    |
| Navajo       | 984,900            | 14.9%                    |
| Yuma/LaPaz   | 295,900            | 10.1%                    |
| <b>Total</b> | <b>\$5,148,000</b> | <b>14.8%</b>             |

**Rural County Reimbursement**

The Rural County Reimbursement Special Line Item reimburses community college districts for students enrolled from counties that are not a part of an established community college district. The appropriation is funded from the General Fund. Pursuant to A.R.S. § 15-1469.01, the FY 2009 expenditure of \$3,645,200 was offset by a corresponding reduction in the counties' sales tax apportionment. The payments made on behalf of the counties are not included in county expenditure limits established in the Arizona Constitution. The FY 2010 and FY 2011 dollar amounts are not yet known. Given the language of A.R.S. § 15-1469.01, these monies do not appear in the General Appropriation Act.

**Rural County Reimbursement Subsidy**

The budget includes \$1,000,000 from the General Fund for Rural County Reimbursement Subsidy in FY 2011. This amount is unchanged from FY 2010.

This funding partially offsets the cost to counties that are not part of an established community college district. The funding is appropriated to Apache, Greenlee, and Santa Cruz Counties. The FY 2011 budget allocates \$466,000 to Apache, \$382,800 to Greenlee, and \$151,200 to Santa Cruz.

**Tribal Community Colleges**

The budget includes \$1,918,000 from the General Fund for Tribal Community Colleges in FY 2011. This amount is unchanged from FY 2010.

Background – A.R.S. § 42-5031.01 allows any qualifying tribal community college to receive \$1,750,000, or 10% of the Transaction Privilege Tax revenues collected from sources located on Indian reservations, whichever is less. Laws 2007, Chapter 265 repealed the statute that previously limited distribution of these monies to Diné College. As a result, Tohono O'odham College became eligible to receive General Fund monies starting in FY 2008.

The Tribal Community Colleges Special Line Item provides tribal community colleges with funding for maintenance, renewal, and capital expenses. Actual amounts will depend on FY 2011 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriation Act.

The budget assumes that \$1,724,000 will be distributed to Diné College in FY 2011 and that \$194,000 will be distributed to Tohono O'odham Community College. These amounts represent 10% of the estimated Transaction Privilege Tax revenues collected in each reservation. Actual Tohono O'odham program funding will be contingent upon a compact with the Executive that has not been finalized as of this writing.

**Other Issues**

**Nursing Education**  
Laws 2005, Chapter 330 established the Arizona Partnership for Nursing Education Demonstration Project. The purpose of the project was to enhance nursing education programs in Arizona, with the goal of doubling the current number of nursing graduates in the state by FY 2010.

Chapter 330 also established the Nursing Education Demonstration Project Fund. Monies in the fund are allocated to Arizona public universities and community colleges based on a comparison of the number of nursing students graduating in FY 2005 from those institutions. Monies that were allocated to the universities are administered by the Arizona Board of Regents, while monies that were allocated to the community colleges are passed through the Department of Commerce.

There is no new funding for the project in FY 2011 due to the expiration of the Nursing Education Demonstration Project Fund disbursements, although the Department of Commerce estimates carry-forward monies of \$2,100,000 due to delay in issuing grants due to potential fund reductions, some districts not spending all their grant money, and some districts returning funds.

Chapter 330 annually appropriated \$4,000,000 from the General Fund to the Nursing Education Demonstration Project Fund from FY 2006 through FY 2010. Of the total \$4,000,000 annual appropriation, \$1,368,000 was allocated to the universities and \$2,632,000 was allocated to the community colleges. These amounts were based on FY 2005 nursing graduation rates. Total grant amounts were higher than the \$2,632,000 appropriation in FY 2008 through FY 2010 given the carry-forward amounts from previous years. (Table 4 shows grant distribution amounts.) The project was set to expire at the end of FY 2010; however, Laws 2009, 1st Regular Session, Chapter 92 extended the expiration date through FY 2015.

The community college funds were distributed using a competitive grant process. Three criteria were used to determine funding: the quality of the nursing program, how the program meets the geographic and diverse needs of its community, and the program budget.

| <u>Community College</u> | <u>FY 2009</u>     | <u>FY 2010</u>     | <u>FY 2011*</u> |
|--------------------------|--------------------|--------------------|-----------------|
| Chandler/Gilbert         | \$ -               | \$ -               | \$ -            |
| Estrella Mountain        | 119,200            | 244,100            | -               |
| Gateway                  | 257,700            | 500,400            | -               |
| Glendale College         | 393,500            | 334,800            | -               |
| Phoenix College          | 484,300            | 267,000            | -               |
| Rio Salado College       | 121,100            | -                  | -               |
| Scottsdale               | -                  | -                  | -               |
| Arizona Western          | 445,300            | 1,181,000          | -               |
| Eastern Arizona          | -                  | -                  | -               |
| Central Arizona          | 437,000            | 346,200            | -               |
| Coconino                 | 107,500            | -                  | -               |
| Mohave                   | 158,000            | -                  | -               |
| Northland Pioneer        | 120,100            | 120,100            | -               |
| Pima                     | -                  | -                  | -               |
| Yavapai                  | 395,800            | -                  | -               |
| <b>Total</b>             | <b>\$3,039,500</b> | <b>\$2,993,600</b> | -               |

\* FY 2011 does not reflect potential distributions from carry-forward amounts.

**Community College Revenue Sources**

In addition to state General Fund monies, Arizona's community colleges receive revenues from a number of other sources, including student tuition and fees, local property taxes, grants, and other monies generated by the colleges. Of the total, the community colleges receive 9% of their revenues from state aid.

For FY 2010, base operating revenues from all sources are estimated to be \$1,678,004,700, an increase of 17.4% from FY 2009. (See Table 5 for a summary of FY 2010 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for over 43% of their revenues. There are 2 types of property taxes: primary and secondary. For the community colleges, primary

| <u>District</u>    | <u>State Aid</u>     | <u>Tuition/Fees</u>  | <u>Property Taxes</u> | <u>Grants</u>        | <u>Other<sup>1/</sup></u> | <u>FY 2010 Total<sup>2/</sup></u> | <u>FY 2009 Total<sup>3/</sup></u> | <u>% Change from FY 2009</u> |
|--------------------|----------------------|----------------------|-----------------------|----------------------|---------------------------|-----------------------------------|-----------------------------------|------------------------------|
| Cochise            | \$ 15,330,500        | \$ 7,628,800         | \$15,824,800          | \$ 18,412,900        | \$ 1,424,200              | \$ 58,621,200                     | \$ 55,336,900                     | 5.9%                         |
| Coconino           | 2,679,400            | 5,976,000            | 8,136,700             | 5,216,600            | 958,200                   | 22,966,900                        | 22,590,400                        | 1.7%                         |
| Gila <sup>4/</sup> | 658,400              |                      | 3,177,100             | 35,000               | 475,000                   | 4,345,500                         | 3,646,500                         | 19.2%                        |
| Graham             | 21,709,300           | 5,904,100            | 3,987,100             | 6,000,000            | 8,901,300                 | 46,501,800                        | 41,830,400                        | 11.2%                        |
| Maricopa           | 45,327,400           | 232,292,700          | 452,628,000           | 178,995,600          | 154,975,300               | 1,064,219,000                     | 838,191,800                       | 27.0%                        |
| Mohave             | 3,682,900            | 10,476,300           | 17,206,300            | 11,262,700           | 477,100                   | 43,105,300                        | 40,615,800                        | 6.1%                         |
| Navajo             | 10,214,000           | 4,335,000            | 11,344,700            | 5,050,000            | 2,420,000                 | 33,363,700                        | 33,907,300                        | (1.6)%                       |
| Pima               | 15,942,100           | 41,541,000           | 98,020,000            | 43,809,000           | 5,619,000                 | 204,931,100                       | 199,895,100                       | 2.5%                         |
| Pinal              | 4,935,100            | 9,009,000            | 40,130,300            | 14,800,000           | 7,843,600                 | 76,718,000                        | 63,424,300                        | 21.0%                        |
| Yavapai            | 4,196,000            | 9,173,000            | 42,061,700            | 6,899,400            | 3,305,400                 | 65,635,500                        | 63,186,300                        | 3.9%                         |
| Yuma/La Paz        | 7,751,200            | 9,684,800            | 27,162,300            | 10,900,000           | 2,098,400                 | 57,596,700                        | 66,553,300                        | (13.5)%                      |
| <b>Total</b>       | <b>\$132,426,300</b> | <b>\$336,020,700</b> | <b>\$719,679,000</b>  | <b>\$301,381,200</b> | <b>\$188,497,500</b>      | <b>\$1,678,004,700</b>            | <b>\$1,429,178,100</b>            | <b>17.4%</b>                 |

1/ Includes auxiliary programs, interest incomes, workforce development funds, and transfers.  
2/ Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are estimated to be \$2,221,396,000 for FY 2010.  
3/ Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are \$1,830,100 for FY 2009.  
4/ Gila Provisional Community College contracts with Graham County's Eastern Arizona College (EAC) in order to provide degree programs. Therefore, Gila's tuition and fee revenues are collected by Graham according to their contract agreement.

property taxes are levied for operating purposes and secondary property taxes are levied to pay for capital outlay expenses. Each community college district determines its primary and secondary property tax rates.

Combined rates declined for all but one district from FY 2009, largely as the result of local property assessed valuation increases. (See Table 6 for a summary of FY 2010 property tax rates.)

| District    | Primary Rate | Secondary Rate | Combined Rate | % Change in Combined Rate from FY 2009 |
|-------------|--------------|----------------|---------------|--|
| Cochise     | \$1.61       | \$0.00         | \$1.61        | (3.0%)                                 |
| Coconino    | 0.34         | 0.09           | 0.43          | (7.4%)                                 |
| Gila        | 0.53         | 0.00           | 0.53          | (5.3%)                                 |
| Graham      | 1.80         | 0.00           | 1.80          | (4.4%)                                 |
| Maricopa    | 0.72         | 0.16           | 0.88          | (6.2%)                                 |
| Mohave      | 0.68         | 0.00           | 0.68          | (4.9%)                                 |
| Navajo      | 1.14         | 0.00           | 1.14          | (14.8%)                                |
| Pima        | 0.94         | 0.14           | 1.08          | (4.9%)                                 |
| Pinal       | 1.38         | 0.08           | 1.46          | 3.5%                                   |
| Yavapai     | 1.13         | 0.14           | 1.27          | (5.2%)                                 |
| Yuma/La Paz | 1.51         | 0.32           | 1.83          | (8.2%)                                 |

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 20% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2010 average tuition was \$1,957, an increase of 7.4% from FY 2009. Full-time annual tuition costs range from \$1,520 at Graham, to \$2,130 at Maricopa. (See Table 7 for FY 2010 resident tuition and fee rates.)

| District                | Cost Per Credit Hour | Annual Cost <sup>1/</sup> | % Change from FY 2009 |
|-------------------------|----------------------|---------------------------|-----------------------|
| Cochise                 | \$54                 | \$1,630                   | 5.8%                  |
| Coconino                | 75                   | 2,250                     | 14.2%                 |
| Gila <sup>2/</sup>      | -                    | -                         | -                     |
| Graham                  | 51                   | 1,520                     | 10.1%                 |
| Maricopa                | 71                   | 2,130                     | 0.0%                  |
| Mohave                  | 67                   | 2,020                     | 8.0%                  |
| Navajo                  | 54                   | 1,630                     | 13.2%                 |
| Pima                    | 56                   | 1,675                     | 3.1%                  |
| Pinal                   | 58                   | 1,736                     | 3.3%                  |
| Yavapai                 | 58                   | 1,740                     | 11.5%                 |
| Yuma/La Paz             | 60                   | 1,800                     | 7.1%                  |
| <b>Weighted Average</b> | <b>\$65</b>          | <b>\$1,957</b>            | <b>7.4%</b>           |

<sup>1/</sup> Annual cost is for 30 hours a year, or 15 hours per semester.  
<sup>2/</sup> Gila Provisional Community College contracts with Graham County's Eastern Arizona College (EAC) in order to provide degree programs. Therefore, Gila's tuition and fee amounts are the same as Graham's.

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 29% of community college revenues. Grants traditionally come from the federal government, including: the U.S. Department of Education, Small Business Administration, National Science Foundation, and Health and Human Services. Revenue

listed in the "other" category includes auxiliary programs, interest incomes, workforce development funds, and transfers.

**Total Community College Expenditures**  
 Table 8 shows total budgeted FY 2010 community college expenditures. In FY 2010, total budgeted expenditures are approximately \$2,064,556,500. As mentioned previously, base operating revenues for FY 2010 are \$1,678,004,700; however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,221,396,000. Of the total \$1,678,004,700 in expenditures, \$1,216,603,200, or 59%, of these expenditures are from the community colleges' general and restricted funds. This includes about \$483,065,700, or 23%, for instruction and \$170,236,100, or 8%, for administrative support.

| General/Restricted Funds          | Total                  | % of Total |
|-----------------------------------|------------------------|------------|
| Instruction                       | \$ 483,065,700         | 23%        |
| Public Service                    | 30,284,500             | 1%         |
| Academic Support                  | 119,727,900            | 6%         |
| Student Services                  | 227,994,400            | 11%        |
| Administrative Support            | 170,236,100            | 8%         |
| Operation & Maintenance           | 91,853,900             | 4%         |
| Scholarships/Grants               | 81,135,500             | 4%         |
| Miscellaneous                     | 900                    |            |
| Contingency                       | 12,304,300             | 1%         |
| <b>Subtotal</b>                   | <b>\$1,216,603,200</b> | <b>59%</b> |
| <b>Auxiliary Enterprises Fund</b> | <b>\$ 153,234,900</b>  | <b>7%</b>  |
| <b>Plant Fund</b>                 | <b>\$ 560,699,400</b>  | <b>27%</b> |
| <b>Debt Service</b>               | <b>\$ 134,019,000</b>  | <b>6%</b>  |
| <b>Total</b>                      | <b>\$2,064,556,500</b> |            |

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$153,234,900, or 7% of the total. Plant Fund expenditures, which generally include capital costs, are \$560,699,400, or 27% of the total. The remaining \$134,019,000 is for debt service.

**American Reinvestment and Recovery Act**

The American Recovery and Reinvestment Act (ARRA) requires the U.S. Department of Education to distribute \$831,869,300 to Arizona as part of the State Fiscal Stabilization Fund (SFSF) for education programs. (Please see the ARRA summary pages for more information.)

A total of \$182,809,400 was distributed in FY 2010 from the SFSF for higher education programs. Of this amount, \$28,671,000 was allocated to the community colleges and \$154,138,400 to the universities. The community college amount was allocated among the districts according to a distribution plan established by the Governor (see Table 9 for the allocation). The community colleges are expected to receive an additional \$11,398,300 in FY 2010 and no SFSF monies in FY 2011.

**Table 9****ARRA Funding to Community Colleges\***

| <u>District</u> | <u>Allocation</u>   |
|-----------------|---------------------|
| Cochise         | \$ 1,628,600        |
| Coconino        | 649,300             |
| Gila            | 175,400             |
| Graham          | 873,200             |
| Maricopa        | 15,093,500          |
| Mohave          | 875,000             |
| Navajo          | 1,304,000           |
| Pima            | 4,523,700           |
| Pinal           | 1,206,800           |
| Yavapai         | 1,029,800           |
| Yuma/La Paz     | <u>1,311,700</u>    |
| <b>Total</b>    | <b>\$28,671,000</b> |

\* Distribution reflects the first allocation of monies in FY 2010. It does not include the additional \$11,398,300 the districts are expected to receive in FY 2010.

***Additional Legislation******Tuition Waiver for Purple Heart Recipients***

See the Additional Legislation section in the Arizona Board of Regents agency narrative for detail on Laws 2010, Chapter 135.